

Lbrands

BATH & BODY WORKS
VICTORIA'S SECRET / PINK

First Quarter Earnings Presentation
May 20, 2020

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

We caution that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this press release or made by our company or our management involve risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," "planned," "potential" and any similar expressions may identify forward-looking statements. Risks associated with the following factors, among others, in some cases have affected and in the future could affect our financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this press release or otherwise made by our company or our management:

- general economic conditions, consumer confidence, consumer spending patterns and market disruptions including severe weather conditions, natural disasters, significant health hazards or pandemics, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- divestitures or other dispositions, including any divestiture of Victoria's Secret and related operations, could negatively impact our business, and contingent liabilities from businesses that we have sold could adversely affect our financial statements;
- the seasonality of our business;
- difficulties arising from turnover in company leadership or other key positions;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- liabilities arising from divested businesses;
- the dependence on mall traffic and the availability of suitable store locations on appropriate terms;
- our ability to grow through new store openings and existing store remodels and expansions;
- our ability to successfully expand internationally and related risks;
- our independent franchise, license and wholesale partners;
- our direct channel businesses;
- our ability to protect our reputation and our brand images;
- our ability to attract customers with marketing, advertising and promotional programs;
- our ability to protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry and the segments in which we operate;
- consumer acceptance of our products and our ability to manage the life cycle of our brands, keep up with fashion trends, develop new merchandise and launch new product lines successfully;
- our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
 - political instability, environmental hazards or natural disasters;
 - significant health hazards or pandemics, which could result in closed factories, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in infected areas;
 - duties, taxes and other charges;
 - legal and regulatory matters;
 - volatility in currency exchange rates;
 - local business practices and political issues;
 - potential delays or disruptions in shipping and transportation and related pricing impacts;
 - disruption due to labor disputes; and
 - changing expectations regarding product safety due to new legislation;
- our geographic concentration of vendor and distribution facilities in central Ohio;

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- fluctuations in foreign currency exchange rates;
- stock price volatility;
- our ability to pay dividends and related effects;
- our ability to maintain our credit rating;
- our ability to service or refinance our debt;
- shareholder activism matters;
- the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- fluctuations in product input costs;
- our ability to adequately protect our assets from loss and theft;
- fluctuations in energy costs;
- increases in the costs of mailing, paper and printing;
- claims arising from our self-insurance;
- our ability to implement and maintain information technology systems and to protect associated data;
- our ability to maintain the security of customer, associate, third-party or company information;
- our ability to comply with laws and regulations or other obligations related to data privacy and security;
- our ability to comply with regulatory requirements;
- legal and compliance matters; and
- tax, trade and other regulatory matters.

We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this press release to reflect circumstances existing after the date of this press release or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
THIRTEEN WEEKS ENDED MAY 2, 2020 AND MAY 4, 2019

(Unaudited)

(In millions except per share amounts)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 1,654.2	\$ 2,628.8	\$ (974.6)	-37%
Comparable Store Sales	-5%	-3%		
Comparable Sales	4%	0%		
Gross Profit	385.5	934.0	(548.5)	-59%
% of Sales	23.3%	35.5%	(1220 bps)	
General, Administrative and Store Operating Expenses	606.4	780.7	(174.3)	-22%
% of Sales	36.7%	29.7%	700 bps	
Operating Income (Loss)	<u>(220.9)</u>	<u>153.3</u>	(374.2)	-244%
% of Sales	-13.4%	5.8%	(1920 bps)	
Interest Expense and Other	<u>94.5</u>	<u>92.7</u>	1.8	2%
Income (Loss) Before Income Taxes	(315.4)	60.6	(376.0)	-620%
Provision (Benefit) for Income Taxes	(40.2)	20.3	(60.5)	-298%
% of Pre-Tax Income	12.7%	33.6%		
Net Income (Loss)	<u>\$ (275.2)</u>	<u>\$ 40.3</u>	\$ (315.5)	-783%
% of Sales	-16.6%	1.5%	(1810 bps)	
Net Income (Loss) Per Diluted Share	<u>\$ (0.99)</u>	<u>\$ 0.14</u>	\$ (1.13)	-807%
Weighted Average Shares Outstanding	<u>277.0</u>	<u>278.2</u>		

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT
THIRTEEN WEEKS ENDED MAY 2, 2020 AND MAY 4, 2019
(Unaudited)
(In millions)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Bath & Body Works	\$ 69.1	\$ 154.8	\$ (85.7)	-55%
% of Sales	9.7%	17.8%	(810 bps)	
Victoria's Secret	(203.1)	32.7	(235.8)	-721%
% of Sales	(24.7%)	2.2%	(2690 bps)	
Victoria's Secret and Bath & Body Works International	(35.3)	(4.0)	(31.3)	-783%
% of Sales	(53.9%)	(3.0%)	(509 bps)	
Other	(51.6)	(30.2)	(21.4)	-71%
% of Sales	(94.5%)	(26.9%)	(6760 bps)	
Total L Brands	<u>\$ (220.9)</u>	<u>\$ 153.3</u>	\$ (374.2)	-244%
% of Sales	-13.4%	5.8%	(1920 bps)	

L BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)
(In thousands)

	May 2, 2020	May 4, 2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 957,200	\$ 1,145,577
Accounts Receivable, Net	228,538	273,926
Inventories	1,491,353	1,357,483
Other	171,767	169,966
Total Current Assets	2,848,858	2,946,952
Property and Equipment, Net	2,299,396	2,794,319
Operating Lease Assets	2,946,791	3,270,613
Goodwill	628,236	1,348,287
Trade Names	411,000	411,000
Deferred Income Taxes	83,676	61,022
Other Assets	220,621	165,966
TOTAL ASSETS	\$ 9,438,578	\$ 10,998,159
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts Payable	\$ 714,928	\$ 688,195
Accrued Expenses and Other	826,263	872,531
Current Debt	468,430	71,741
Current Operating Lease Liabilities	590,083	443,093
Income Taxes	83,536	121,634
Total Current Liabilities	2,683,240	2,197,194
Deferred Income Taxes	198,398	238,059
Long-Term Debt	5,034,063	5,748,696
Long-Term Operating Lease Liabilities	2,945,220	3,234,085
Other Long-Term Liabilities	437,277	478,001
Shareholders' Equity (Deficit)	(1,859,620)	(897,876)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	\$ 9,438,578	\$ 10,998,159

L BRANDS 1ST QUARTER

1st Quarter 2020 versus 2019

(\$ amounts in millions)
(Unaudited)

	<u>Bath & Body Works</u>	<u>Victoria's Secret</u>	<u>Total L Brands</u>
Comparable store sales	20%	(15%)	(5%)
Comparable sales	41%	(13%)	4%
Sales change	(18%)	(46%)	(37%)
Sales	\$713	\$822	\$1,654
Adjusted gross profit (% of sales)	Down Significantly	Down Significantly	23.3%
Adjusted operating income (loss) (% of sales)	9.7%	(24.7%)	(13.4%)
Adjusted operating income (loss)	\$69	(\$203)	(\$221)
Adjusted net (loss)			(\$275)
Average shares outstanding			277
Adjusted (loss) per share			(\$0.99)

L BRANDS
COMPANY - OWNED STORE COUNT AND SELLING SQ FT
2020 Forecast

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
Bath & Body Works							
Bath & Body Works							
Store Count	1,637	26	(50)	26	1,613	(24)	(1%)
Selling Sq Ft 000's	4,306	81	(106)	19	4,300	(6)	(0%)
Bath & Body Works - Canada							
Store Count	102	1	(1)	2	102	-	-
Selling Sq Ft 000's	260	2	(3)	0	260	(0)	(0%)
Total Bath & Body Works							
Store Count	1,739	27	(51)	28	1,715	(24)	(1%)
Selling Sq Ft 000's	4,566	83	(109)	19	4,560	(7)	(0%)
Victoria's Secret							
Victoria's Secret							
Store Count	909	7	(235)	2	681	(228)	(25%)
Selling Sq Ft 000's	6,377	38	(1,197)	(4)	5,214	(1,163)	(18%)
PINK							
Store Count	144	2	(3)	-	143	(1)	(1%)
Selling Sq Ft 000's	521	9	(10)	-	519	(2)	(0%)
Victoria's Secret - Canada							
Store Count	33	-	(10)	-	23	(10)	(30%)
Selling Sq Ft 000's	322	-	(81)	-	241	(81)	(25%)
PINK - Canada							
Store Count	5	-	(3)	-	2	(3)	(60%)
Selling Sq Ft 000's	19	-	(10)	-	9	(10)	(54%)
Subtotal VS North America							
Store Count	1,091	9	(251)	2	849	(242)	(22%)
Selling Sq Ft 000's	7,239	46	(1,300)	(4)	5,982	(1,257)	(17%)
Victoria's Secret - UK / Ireland							
Store Count	21	-	-	-	21	-	-
Selling Sq Ft 000's	214	-	-	-	214	-	-
PINK - UK							
Store Count	5	-	-	-	5	-	-
Selling Sq Ft 000's	17	-	-	-	17	-	-
Victoria's Secret - Greater China							
Store Count	23	4	-	-	27	4	17%
Selling Sq Ft 000's	186	9	-	-	195	9	5%
VSBA - Greater China							
Store Count	41	4	(5)	-	40	(1)	(2%)
Selling Sq Ft 000's	36	3	(5)	-	35	(1)	(4%)
Subtotal VS International							
Store Count	90	8	(5)	-	93	3	3%
Selling Sq Ft 000's	453	12	(5)	-	460	8	2%
Total Victoria's Secret							
Store Count	1,181	17	(256)	2	942	(239)	(20%)
Selling Sq Ft 000's	7,692	58	(1,304)	(4)	6,443	(1,249)	(16%)

**L BRANDS, INC.
INTERNATIONAL STORE COUNT
2020 FORECAST**

	<u>2019 Year End</u>	<u>2020 New Stores</u>	<u>2020 Closures</u>	<u>2020F Year End</u>
<u>Bath & Body Works International</u>				
<u>Partner Owned Stores</u>				
Bath & Body Works - Local Market	262	17 to 20	1 to 2	277 to 281
Bath & Body Works - Travel Retail	16	2 to 3	0	18 to 19
Bath & Body Works Total	<u>278</u>	<u>19 to 23</u>	<u>1 to 2</u>	<u>295 to 300</u>
<u>Victoria's Secret International</u>				
<u>Partner Owned Stores</u>				
Victoria's Secret Full Assortment	72	7 to 13	0	79 to 85
PINK	12	2	0	14
Victoria's Secret Beauty & Accessories - Local Market	207	4 to 6	14 to 16	195 to 199
Victoria's Secret Beauty & Accessories - Travel Retail	153	4 to 7	8 to 10	147 to 152
Partner Owned Total	<u>444</u>	<u>17 to 28</u>	<u>22 to 26</u>	<u>435 to 450</u>
<u>Wholly Owned Stores</u>				
Victoria's Secret Full Assortment - U.K.	20	0	0	20
PINK - U.K.	5	0	0	5
Victoria's Secret Full Assortment - Ireland	1	0	0	1
Victoria's Secret Full Assortment - Greater China	23	4	0	27
Victoria's Secret Beauty & Accessories - Greater China	41	4	5	40
Wholly Owned Total	<u>90</u>	<u>8</u>	<u>5</u>	<u>93</u>
Victoria's Secret Total	<u>534</u>	<u>25 to 36</u>	<u>27 to 31</u>	<u>528 to 543</u>

APPENDIX

L BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
THIRTEEN WEEKS ENDED MAY 2, 2020 AND MAY 4, 2019
(Unaudited)
(In thousands except per share amounts)

	2020	2019
Net Sales	\$ 1,654,209	\$ 2,628,809
Costs of Goods Sold, Buying and Occupancy	(1,365,600)	(1,694,795)
Gross Profit	288,609	934,014
General, Administrative and Store Operating Expenses	(606,307)	(780,669)
Operating Income (Loss)	(317,698)	153,345
Interest Expense	(96,798)	(98,897)
Other Income	2,247	6,152
Income (Loss) Before Income Taxes	(412,249)	60,600
Provision (Benefit) for Income Taxes	(115,382)	20,345
Net Income (Loss)	<u>\$ (296,867)</u>	<u>\$ 40,255</u>
Net Income (Loss) Per Diluted Share	<u>\$ (1.07)</u>	<u>\$ 0.14</u>
Weighted Average Shares Outstanding ¹	<u>276,988</u>	<u>278,165</u>

¹ - Reported Weighted Average Shares Outstanding in the first quarter of 2020 reflects basic shares due to the Net Loss.

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED FINANCIAL INFORMATION
THIRTEEN WEEKS ENDED MAY 2, 2020 AND MAY 4, 2019
(Unaudited)
(In thousands except per share amounts)

	<u>2020</u>			<u>2019</u>		
	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted</u>
Net Sales	\$ 1,654,209	\$ -	\$ 1,654,209	\$ 2,628,809	\$ -	\$ 2,628,809
Costs of Goods Sold, Buying & Occupancy	(1,365,600)	96,844	(1,268,756)	(1,694,795)	-	(1,694,795)
Gross Profit	288,609	96,844	385,453	934,014	-	934,014
General, Administrative and Store Operating Expenses	(606,307)	-	(606,307)	(780,669)	-	(780,669)
Operating Income (Loss)	(317,698)	96,844	(220,854)	153,345	-	153,345
Interest Expense	(96,798)	-	(96,798)	(98,897)	-	(98,897)
Other Income	2,247	-	2,247	6,152	-	6,152
Income (Loss) Before Income Taxes	(412,249)	96,844	(315,405)	60,600	-	60,600
Provision (Benefit) for Income Taxes	(115,382)	75,200	(40,182)	20,345	-	20,345
Net Income (Loss)	<u>\$ (296,867)</u>	<u>\$ 21,644</u>	<u>\$ (275,223)</u>	<u>\$ 40,255</u>	<u>\$ -</u>	<u>\$ 40,255</u>
Net Income (Loss) Per Diluted Share	<u>\$ (1.07)</u>		<u>\$ (0.99)</u>	<u>\$ 0.14</u>		<u>\$ 0.14</u>
Weighted Average Shares Outstanding ¹	<u>276,988</u>		<u>276,988</u>	<u>278,165</u>		<u>278,165</u>

See Notes to Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures.

¹ - Reported Weighted Average Shares Outstanding in the first quarter of 2020 reflects basic shares due to the Net Loss.

L BRANDS, INC. AND SUBSIDIARIES
NOTES TO RECONCILIATION OF GAAP FINANCIAL MEASURES
TO NON-GAAP FINANCIAL MEASURES
(Unaudited)

The “Adjusted Financial Information” provided in the attached reflects the following non-GAAP financial measures:

Fiscal 2020

In the first quarter of 2020, adjusted results exclude the following:

- A \$96.8 million charge (\$72.0 million net of tax of \$24.8 million), included in buying and occupancy expenses, related to the impairment of Victoria's Secret store-related assets.
- A \$50.4 million tax benefit related to the resolution of certain tax matters.

Fiscal 2019

In the first quarter of 2019, there were no adjustments to results.

The Adjusted Financial Information should not be construed as an alternative to the reported results determined in accordance with generally accepted accounting principles. Further, the Company's definition of adjusted income information may differ from similarly titled measures used by other companies. Management believes that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. While it is not possible to predict future results, management believes the adjusted information is useful for the assessment of the ongoing operations of the Company because the adjusted items are not indicative of our ongoing operations due to their size and nature. Additionally, management uses adjusted financial information as key performance measures of results of operations for the purpose of evaluating performance internally. The Adjusted Financial Information should be read in conjunction with the Company's historical financial statements and notes thereto contained in the Company's quarterly reports on Form 10-Q and annual report on Form 10-K

**L BRANDS, INC. AND SUBSIDIARIES
STORES AND SELLING SQUARE FOOTAGE
At May 2, 2020 and May 4, 2019**

	May 2, 2020		May 4, 2019	
	Stores	Selling Sq. Ft. (000's)	Stores	Selling Sq. Ft. (000's)
Bath & Body Works U.S.	1,635	4,305	1,630	4,224
Bath & Body Works Canada	102	260	102	258
Total Bath & Body Works	1,737	4,565	1,732	4,482
Victoria's Secret U.S.	889	6,284	922	6,448
PINK U.S.	144	521	142	511
Victoria's Secret Canada	32	314	39	379
PINK Canada	5	19	6	23
Victoria's Secret U.K. / Ireland	21	214	21	214
PINK U.K.	5	17	5	17
Victoria's Secret Beauty and Accessories	40	35	38	35
Victoria's Secret China	24	187	15	165
Total Victoria's Secret	1,160	7,591	1,188	7,792

L BRANDS, INC. AND SUBSIDIARIES
2020 Selected Data
(Unaudited)
(In thousands)

	2020	2019
Capital Expenditures		
First Quarter	\$ 55,221	\$ 123,307
Second Quarter	-	120,388
Spring Season	55,221	243,695
Third Quarter	-	147,961
Fourth Quarter	-	66,701
Year	\$ 55,221	\$ 458,357
 Depreciation & Amortization		
First Quarter	\$ 138,547	\$ 145,314
Second Quarter	-	149,328
Spring Season	138,547	294,642
Third Quarter	-	148,515
Fourth Quarter	-	144,837
Year	\$ 138,547	\$ 587,994